



Parlamentul României
Senat

Bucharest, October 31, 2018

Courtesy translation

OPINION
of the Senate
regarding

the Proposal for a Regulation of the European Parliament and of the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council - COM (2018) 392 final; the Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013 - COM (2018) 393 final; the Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands - COM (2018) 394 final.

The Romanian Senate examined the present Proposals for a Regulation of the European Parliament and of the Council according to the provisions of the Treaty of Lisbon (Protocol no. 2).

Taking into account the reports of October 24, 2018 of the permanent Committee for European Affairs, **the Plenum of the Senate**, during its session of October 31, 2018, has decided the following:

1. Notes that the present Proposals for a Regulation of the European Parliament and of the Council comply with the principles of subsidiarity and proportionality.
2. Notes that the legal basis of the Proposal for a Regulation of the European Parliament and of the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council - COM (2018) 392 final and of the Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013 - COM (2018) 393 final is based on Art. 42 and Art. 43 (2) TFEU.

3. Notes that the legal basis of the Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands - COM (2018) 394 final is based on Article 43(2) TFEU as regards amendments to Regulation (EU) No 1308/2013 and Article 114 TFEU and first paragraph of Article 118 TFEU as regards amendments to Regulations (EU) No 1151/2012, (EU) No 251/2014 and Articles 43(2) and 349 as regards amendments to Regulation (EU) No 228/2013 and Article 43(2) as regards Regulation (EU) 229/2013.
4. It certifies the validity of the chosen legal form for the present Proposals for a Regulation of the European Parliament and of the Council, that of the Regulation.
5. Concerning the Proposal for a Regulation of the European Parliament and of the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council - COM (2018) 392 final it considers the following:
 - a. The reduction of the agricultural budget will seriously affect the CAP, the most integrated European policy; to this end, agrees with the European Parliament's rapporteur for the forthcoming CAP: *Farmers do not have to pay the bill for BREXIT or new European priorities*;
 - b. It will be much more difficult for farmers to do more for the environment with much reduced funds, especially with the introduction of new, more complex requirements for farmers; farmers already have 40% less income than other social categories;
 - c. It is necessary to apply degressivity, with the possibility of targeting reductions to small and medium-sized farms, as an alternative to the application of mandatory capping and it considers viable the alternative payment to the mechanism for capping payments for large farms;
 - d. Mandatory capping of direct payments will seriously affect the large farms that meet environmental standards and will lose competitiveness in relation to imports from third countries;
 - e. The introduction of national co-financing will lead to unfair competition between Member States but especially, will increase the gap between East and West;
 - f. The budget decrease for the CAP is unacceptable given the following considerations:
 1. Contribution of farmers to public goods;
 2. Minimum requirements in the cross-compliance field;
 3. Additional requirements for farmers in the field of climate and environment;
 4. Farmers' contribution to food security;
 5. The difference between the salary incomes from agriculture and the salary average in other fields.
 - g. More consistent funding for research and innovation for agriculture is needed;
 - h. Mandatory minimum requirements must be set by Member States, taking into account the country's specificity and existing conditions;

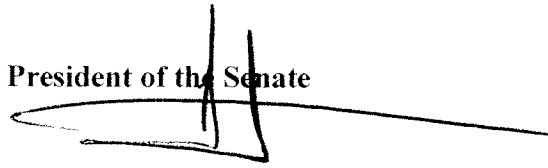
- i. It is necessary to keep the mandatory minimum percentage of 30% for greening, foreseen in the current programming period, with respect to the minimum or maximum thresholds;
- j. The design, implementation and approval process for Strategic Plans could delay the implementation of measures, in particular when receiving payments to beneficiaries;
- k. It is necessary to continue the external convergence of direct payments at a higher level than proposed;
- l. Reducing direct payments (capping), its implementation must be generated on a voluntary basis by Member States;
- m. Financing of complementary income redistributive support for the purpose of sustainability should be rethought and it proposes the use of a certain percentage (eg up to 20%) of the national annual ceiling for direct payments;
- n. It is necessary to rethink the financing of complementary redistributive support for small and medium-sized farms in the context in which the application of capping will become voluntary;
- o. For complementary income support for young farmers, are important the criteria that should be considered in setting at least 2% of the national allocations for direct payments for the complementary income support to young farmers;
- p. It is necessary to extend support also to young people already installed, in this respect, the specific objective 6g (attracting young farmers and facilitating the development of rural businesses) should be extended by including the word "maintenance";
- q. Significant 16% decrease for rural development will result in a widening gap between rural areas from different Member States;
- r. To tackle specific agricultural and rural issues, financial instruments should be tailored to a high risk profile often associated with young farmers, small farms and disadvantaged areas;
- s. It is necessary to detail the concept of "non-food crops, except trees, used for the production of products that have the potential to replace fossil materials";
- t. Additional financial allocations for protein crops are required;
- u. Consideration should be given to the option that for small farmers payment be granted on the basis of the number of hectares they hold as well as to exempt small farmers from participation in the conditionality system, given the large number of holdings under 5 ha, over 600 000 which exploit only 15% of the potentially eligible area declared in support applications;
- v. It is necessary to include transitional national measures for direct payments, taking into account the reduction of allocations from EAGF and in particular for Member States that are in the process of external convergence and reduction of threshold to 10% of the coupled support, resulting in a reduction in the funds allocated to livestock farms (ANT);
- w. Provision should also be made for the establishment of a reserve for the Member States applying basic income support for sustainability purposes as the uniform amount/ha (SAPS), taking into account the growth rate of the declared agricultural area compared to the reference year 2016;
- x. Conditioning the granting of direct payments to meet specific objectives, is excessive;
- y. Regarding Romania, it is necessary to align the average amount of direct payments in Romania to the level of the EU average. For Member States where the average amount per ha, direct payments, is below the EU-27 average, the initial financial envelopes (packages) should not be calculated by lowering with 3,9% the ceiling of 2020. The area of the year 2016, basis of calculation in

the external convergence mechanism, is not the most appropriate choice, based on the following considerations:

1. For the 2014-2020 programming period, the reference year was 2011, 3 years lower than 2014. For the 2021-2027 programming period, the reference year should be 2018, much more relevant to trends in matters of farmers' declarations;
 2. Romania has an increase of approx. 400 thousand ha in 2018 compared to 2016 and as a consequence, Romania loses a total allocation between 2021-2027 of about 188 million euros.
- z. Regarding the proposals for Pillar II, it is necessary to take into account, in the process of implementing the proposals, the principles of simplification and the primary goal of reducing administrative burdens in the implementation of new European legislation. Regarding the EAFRD allocation it expresses its concern about the reduction of allocations for the CAP, in particular concerning Pillar II - Rural Development and the increase of the national rate of co-financing concerning Pillar II, situation which could lead to the encumbrance of the national budget and the creation of supplementary imbalances to the detriment of Romania.
6. Concerning the Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013 - COM (2018) 393 final it considers the following:
- a. The existence of a single paying agency (by merging APIA with AFIR) generates major risks, this being not only a matter of change of title, organization chart, function state, logo, site, etc. but involving special legislative and procedural details;
 - b. It is necessary the access of the paying agencies to databases with projects that have received non-reimbursable financing from both the CAP and other European Structural and Investment Funds (ESI funds) or Union instruments;
 - c. In order to ensure a level of controls necessary for effective risk management, access to interconnected databases at European level is considered necessary;
 - d. The drafting period of the proposed annual performance report is too short, taking into account the difficulty in its elaboration, since it refers to the entire Strategic Plan, including the interventions related to Pillar I;
 - e. It is necessary to maintain the current provision on automatic decommitment of unused funds, namely N+3, which facilitates the proper implementation of the EAFRD (Reference to decommitment deadlines for unused EAFRD funds).
7. Concerning the Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands - COM (2018) 394 final it considers the following:
- a. It is necessary to maintain the provisions relating to sectoral interventions as provided for in Regulation (EU) No. 1308/2013 - e.g. aid for private storage, public intervention, exceptional measures against market disturbance, animal diseases measures and loss of consumer confidence as a result of public, animal or plant health risks and measures to address specific problems;
 - b. Reformulations are required according to the division of the areas cultivated with vines on vine growing regions, according to the Romanian traditional areas;

- c. The modifications should contain clear provisions on the period during which a product is registered, respectively when the Commission completes the registration procedures (with regard to quality systems for agricultural and food products). There should be shorter and stricter deadlines that can not be extended based on different motivations.

President of the Senate

A handwritten signature in black ink, consisting of a long horizontal stroke with a loop at the end, and two vertical strokes intersecting it.

p. Adrian ȚUȚUIANU